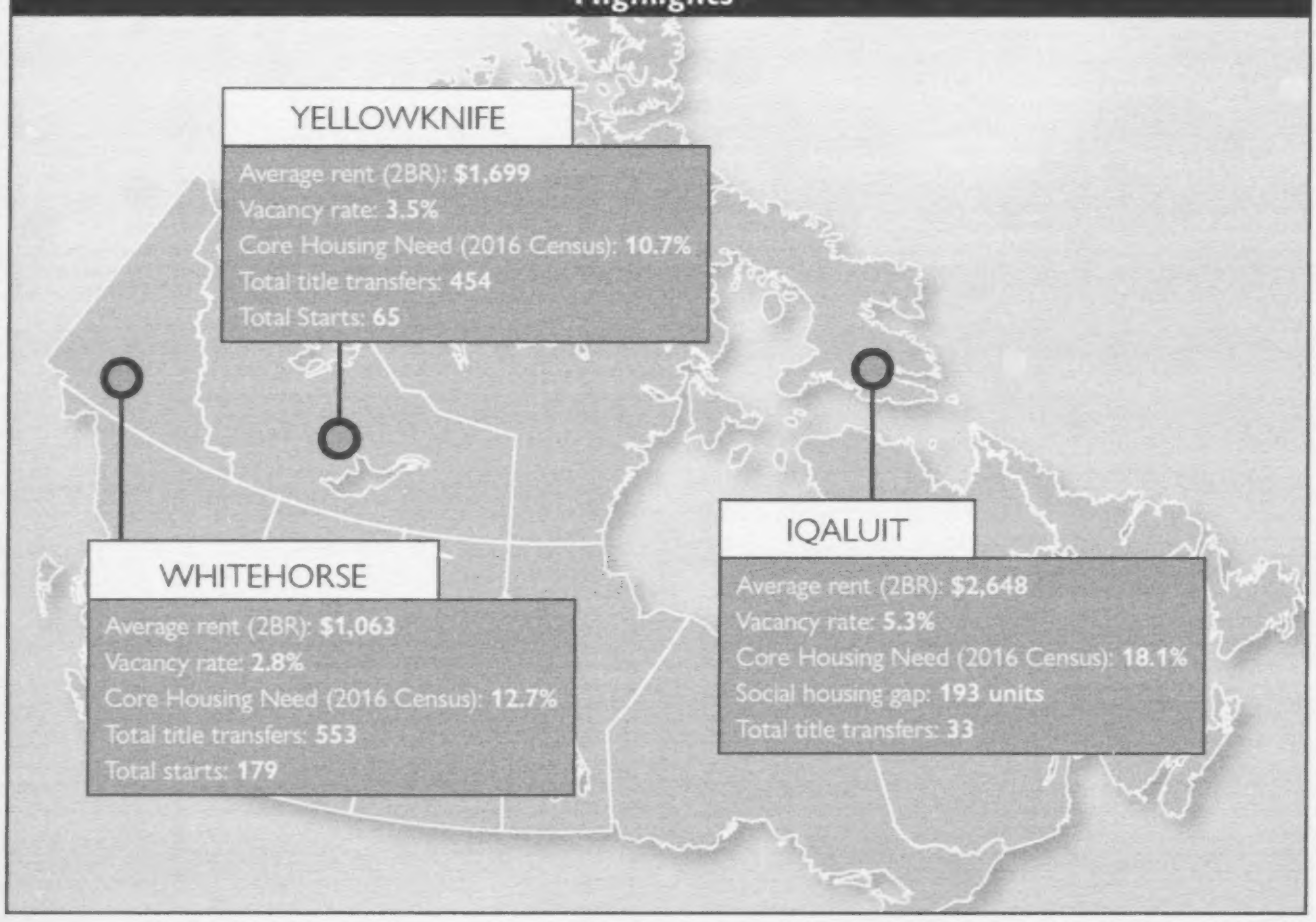
HOUSING MARKET INFORMATION

NORTHERN HOUSING REPORT

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: 2018

Highlights*



* The forecasts and historical data included in this document reflect information available as of December 31, 2017, unless indicated.

Canada

CMHC SCHL

Whitehorse

Economy and Demographics

The Yukon Government is forecasting real Gross Domestic Product (GDP) to increase 4.4% in 2018, with most sectors contributing to the rise[1]. The development of Eagle gold mine and increases in mineral production at the Minto and Placer gold mines are expected to support economic growth. Furthermore, strong mineral prices are anticipated to increase exploration spending, which will further support activity in 2018 and beyond. Due to the recovery in the commodity markets, the Conference Board of Canada is forecasting economic growth will be about 3.0% in 2019 as the mining sector expands[2].

Yukon's labour market performed well in 2017 with the unemployment rate dropping to 3.6%, down two percentage points from 2016[3]. This was the lowest unemployment rate among the provinces and territories. Additionally, the labour force participation rate was 76.4%, the highest in the country. The labour market continued its momentum into the first quarter of 2018 with the unemployment rate declining further to 2.7% as of the end of March 2018, a decrease of 1.8 percentage points from March 2017. Employment gains were mainly concentrated in the service-producing industries such as retail trade, transportation and warehousing, and accommodation and food services.

Tourism is an important contributor to Yukon's economy and according to data from the Yukon government, 2017 was another good year for tourism in the territory[4]. There were 436,879 international border crossings into Yukon in 2017, up 4.2% from 2016. Most of these travellers were Americans, who accounted for 308,000, up 2.0% from 2016. Overnight visitors were also up 2.5% from 2016, to 334,000. The overall increase in tourist numbers and overnight visitors has seen tourism related sectors' revenues increase by an estimated 7.5% year-over-year. It is expected that increasing consumer spending by the United States coupled with a favourable US-Canadian exchange rate will support tourism in 2018. The Canadian Research Institute forecasts overnight visitors in Yukon will increase 1.9% in 2018, while spending by overnight visitors will increase 6.0%[5].

Yukon's population increased for the 14th consecutive year in 2017[6]. Total population was 38,630 as of December 31st 2017, up 0.9% from the 2016 figure. Of the total population 29,962, or 77.6%, lived in the City of Whitehorse. The increase in population was mainly supported by net positive international migration.

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Affordability

Housing affordability continues to be of concern for many Yukoners and there are initiatives meant to address it at various levels of government. At the territorial level, the government has committed close to $40 million to housing in its 2018-2019 budget[7]. Of the $40 million, $6 million is earmarked for affordable housing while a further $2.7 million is allocated to Housing First residence for vulnerable individuals. The federal government also launched the National Housing Strategy, which is a 10-year, $40 billion plan meant to address affordable housing in Canada. As part of this plan, the Federal government will invest $20.5 billion to help the provinces and territories build more affordable housing, reduce homelessness and create better outcomes for all Canadians[8]. Additionally, it will invest $300 million to help 3,000 families in Northern Canada find affordable homes.

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[1] Yukon Finance. 2018-2019 Fiscal and Economic Outlook. March 2018. https://yukon.ca/sites/yukon.ca/files/fin-budget2018-economic-outlook.pdf

[2] Conference Board of Canada. Territorial Outlook Economic Forecast: Boom Times Around the Corner. Webinar slides. Accessed April 26, 2018

[3] Yukon Bureau of Statistics. Yukon Monthly Statistical Review. March 2018. http://www.eco.gov.yk.ca/stats/pdf/mr_Mar2018.pdf

[4] Tourism Yukon. 2018. Year-End Report. https://yukon.ca/sites/yukon.ca/files/tc-2016-2017-year-end-report.pdf

[5] Ibid

[6] Yukon Bureau of Statistics. Population Report Fourth Quarter, 2017. http://www.eco.gov.yk.ca/stats/pdf/populationDec_2017.pdf

[7] Yukon Finance. 2018-2019 Fiscal and Economic Outlook. March 2018. https://yukon.ca/sites/yukon.ca/files/fin-budget2018-economic-outlook.pdf

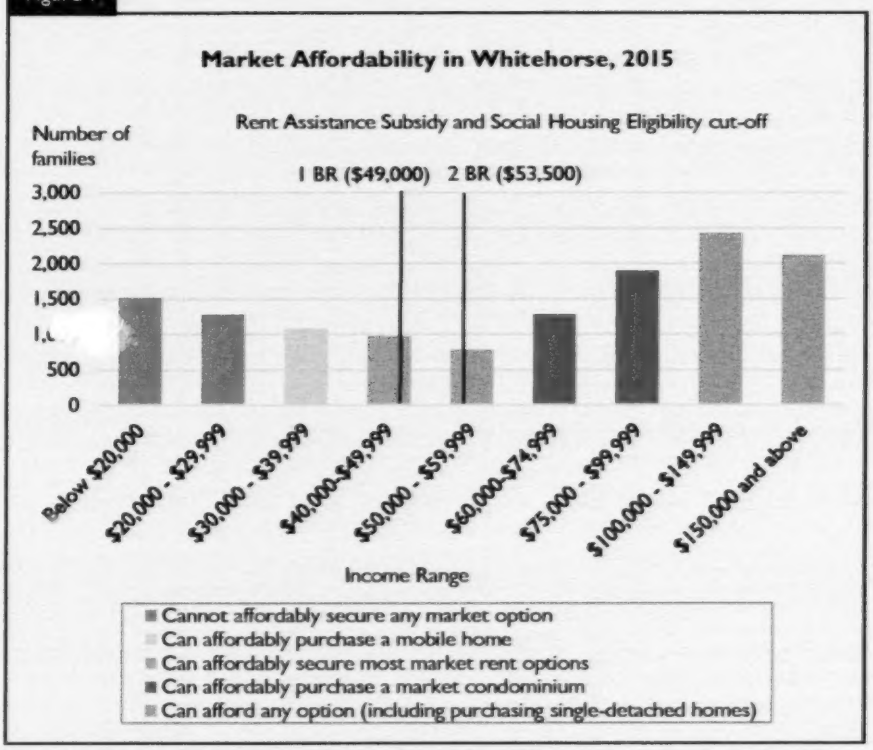
[8] A Place to Call Home. National Housing Strategy. Government of Canada. https://www.placetocallhome.ca/how-does-it-work.cfm. Accessed 30 April 2018.

A household is defined as being in core housing need if it does not meet one or more of the standards for adequacy, suitability or affordability[9]. According to the 2016 census, 13.0% of Whitehorse households were in core housing need[10]. By comparison, the core housing need was 15.0% in Yukon and 13.0% nationally[11]. The major contributor to core housing need in the Yukon was affordability. According to the 2016 Census[12], the average total household income in Whitehorse was $106,919 in 2015, while the national average total household income was $92,764. The average annual shelter cost in Whitehorse was $17,604 for owned dwellings and $13,716 for rented dwellings. Among owner households, 12.6% were spending 30% or more of their gross income on shelter, while 33.2% of tenant households were spending 30% or more of their income on shelter.

As shown in the Market Affordability chart in figure 1, families earning less than $30,000 would not be able to afford a one or two-bedroom shelter on the market. This represents about 21.0% of families in Whitehorse.

Based on 2015 family income and CMHC's affordable housing benchmark, mobile home ownership is considered affordable in Whitehorse to families with an annual income of $34,260, while it requires a minimum annual income of $41,000 to rent a two-bedroom apartment.

Figure 1



Sources: Statistics Canada, Yukon Housing Corporation, Yukon Bureau of Statistics, Yukon Real Estate Association, and CMHC

Note: The cost of owning a mobile home is considered affordable by the Core Housing Need affordability criterion, spending no more than 30% of income on housing, to families earning $34,260 per year; cost of renting a 1BR is affordable to a family with income of $37,000 per year, renting 2BR is affordable to a family with income of $41,000 per year; buying a condominium is affordable to families earning $68,000 per year and owning a single detached home is affordable to families earning $91,000 per year.

Yukon Housing Corporation runs a social housing program which helps low-income individuals, families, and seniors in housing need who cannot obtain affordable and suitable housing on the market[13]. Rent in this social housing is geared to income and is 25% of gross monthly household income. Eligibility is based on residency and income. Yukon residents whose income is below Housing Income Limits (HIL)[14] are eligible for social housing.

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[9] CMHC defines a household is in Core Housing Need if its housing does not meet one or more of the adequacy, suitability or affordability standards, and it would have to spend 30% or more of its before-tax income to access acceptable local housing. Acceptable housing is adequate in condition, suitable in size, and affordable. Adequate housing does not require any major repairs, according to residents. Suitable housing has enough bedrooms for the size and makeup of resident households, according to National Occupancy Standard (NOS) requirements. Affordable housing costs less than 30% of before-tax household income.

[10] Statistics Canada, Census of population, 2016

[11] Statistics Canada, Census of population, 2016

[12] Statistics Canada. 2017. Whitehorse [Census agglomeration], Yukon and Canada [Country] (table). Census Profile. 2016 Census. Statistics Canada Catalogue no. 98-316-X2016001. Ottawa. Released November 29, 2017. http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E (accessed March 27, 2018).

[13] Yukon Housing Corporation. http://www.housing.yk.ca/shp.html

[14] HIL: Bachelor - $39,000, 1BR - $49,000, 2BR - $53,500, 3+BR - $74,500

Rental Market

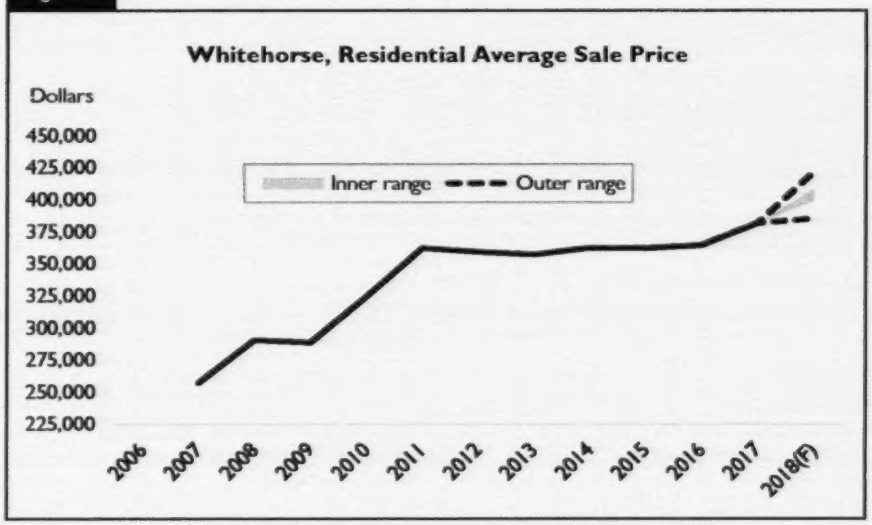
The average apartment vacancy rate in Whitehorse was 2.8% in October 2017, down from a 3.0% vacancy rate in October 2016. The decline in the vacancy rate was driven by decreased vacancy in non-bachelor bedroom units. The purpose-built rental universe declined 10 units, to 1,026 at the end of October 2017, while the number of vacant units declined from 31 to 29 units. The majority of the vacant units were Bachelors with a vacancy rate of 11.7%, while the vacancy rate of one-bedroom and two-bedroom units were under 2.0%. In Q1 2018, 56 rental units were completed. This was a 60.0% increase from the 35 rental units completed in 2017 and could increase the vacancy rate in 2018.

The average two-bedroom rent for an apartment unit in Whitehorse was $1,063 in October 2017 compared to $1,083 in October 2016. CMHC expects average two-bedroom rents to increase slightly over 2018 as stronger demand coupled with higher rental rates for new units increase the average rental price. Therefore, the average monthly two-bedroom rents are expected to range between $1,070 and $1,100 in 2018.

Resale Market

The resale market in Whitehorse continued to grow for the third consecutive year in 2017, registering 553 sales, up 4.0% year-over-year. Semi-detached units accounted for the largest gains, increasing 32.0%, to 49 sales. Single-detached sales remained stable, accounting for 283 units, just two units below the previous year's sales. Mobile home sales, on the other hand, declined 26.0%, to 26 units for the year. Condos have also seen a jump in sales of 12.0% from the previous year, to 195 units. The increase in sales activity pushed prices up, leading to a 5.0% increase in the average price, from $364,419 in 2016 to $381,376 in 2017.

Figure 2

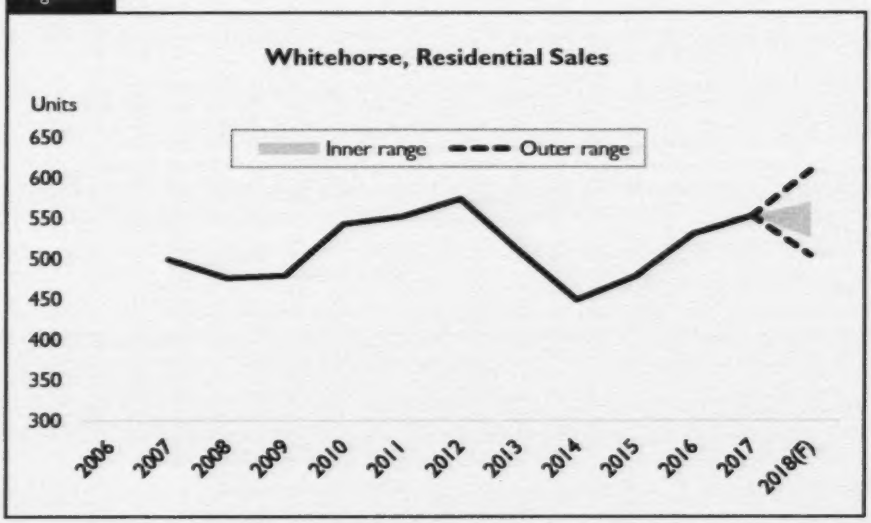


Source: Yukon Bureau of Statistics, (F): CMHC Forecast

In the first quarter of 2018, Whitehorse resales from the MLS®, which do not include private sales, were down 56% year-over-year to 43 sales. Both active and new listings were up in the first quarter by 2.0% and 9.0%, respectively, from the same period a year earlier. Despite the relatively lower sales in the first quarter, a strong economy in 2018 will help strengthen resale activity and encourage some households to move into homeownership. Sales are forecast to range between 525 and 570 units in 2018.

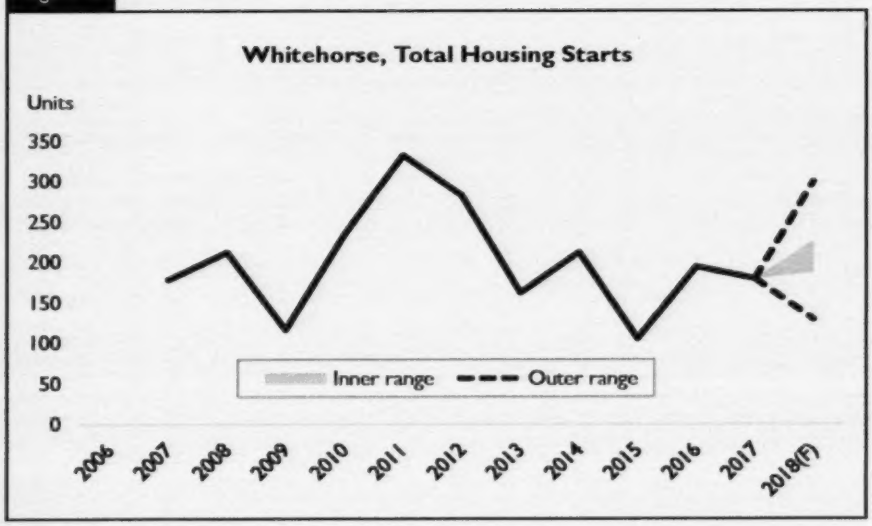
Demand for housing buoyed by an improving economy coupled with a higher proportion of single-family

Figure 3



Source: Yukon Bureau of Statistics, (F): CMHC Forecast

Figure 4



Source: CMHC, (F): Forecast

homes in the Whitehorse resale market will see average prices continuing on their upward trend. In 2018, the average price is forecast to range between $390,000 and $408,000, mostly due to sellers' market conditions for single-detached homes.

New Home Market

After rebounding from a 10-year low of 105 units in 2015 to 194 units in 2016, total housing starts declined 8.0% in 2017 to 179 units. The decline was as a result of a 36.0% decrease in single-detached starts, from 87 units in 2016 to 56 units in 2017. This decline was however, partially offset by a 15.0% increase in multi-family starts, from 107 units in 2016 to 123 units in 2017.

The Whistle Bend development area continues to be the focus of new home construction in Whitehorse. Part one of Phase 3 has been released in April 2018 for construction. And through this, 57 single-family lots were offered in a lottery, while 20 townhouse lots and 3 multi-family lots were offered through tender[15]. Phase 4 of the Whistle Bend development area is in the infrastructure development stage and it is expected the remaining parts of Phase 3 properties, together with parts of Phase 4 will be made available in the spring of 2019. Furthermore, in order to increase land available for residential building, the city approved four infill sites within existing neighborhoods in April 2018 and are expected to be ready for lottery in fall 2018.

In the first quarter of 2018, only one single-detached start was registered in Whitehorse, two units below the single-detached starts in the first quarter of 2017. Starts tend to be low in the first quarter due to the cold weather conditions. With the release of 57 single-family lots in phase 3 of Whistle Bend development area and the availability of infill sites, single-detached starts are expected to range between 50 and 61 units in 2018.

Multi-family starts in the first quarter of 2018 were 13 units, essentially the same as the first quarter of 2017. With the release of six lots, enough to develop 20 townhouses together with three lots for multi-family development in the Whistle Bend development area in April 2018, multi-family starts are expected to range between 115 and 165 units in 2018.

Risks to the Forecasts

As with any forecast, there are a number risks that contribute uncertainty to the forecast. These risks and how they impact our forecast for housing starts, residential real estate transactions, and the average resale price are discussed below.

Total housing starts may fall below our inner forecast ranges in 2018 if construction does not start in some of the lots released in Phase 3 of Whistle Bend development area or the infill sites approved by the city. If, on the other hand, construction

[15] Whitehorse Daily Star:2018. "Land seekers almost doubled the number of lots". April 9, 2018. http://whitehorsestar.com/News/land-seekers-almost-doubled-the-number-of-lots. Accessed April 9, 2018.

starts in all of the approved available lands for residential construction, starts may increase in 2018, thereby falling within or above our inner forecast ranges.

Residential real estate sales could decrease below our inner forecast ranges in 2018 if the expected economic growth does not materialize, thus reducing employment, and hence demand for housing.

The average residential resale price could be above our inner forecast range if demand is strong and/or the proportion of single-family home sales increases. On the other hand, if relatively more mobile homes are condominium apartments are sold, the average price would tend to move lower.

Whitehorse Forecast Summary 2018

	2015	2016	2017	2018(F) (L)	2018(F) (H)
New Home Market					
Total Starts (units)	105	194	179	165	226
Single-Detached Starts	61	87	56	50	61
Multiple Starts	44	107	123	115	165
Real Estate Transactions*					
Residential sales	478	531	553	525	570
Average price ($)	361,968	364,419	381,376	390,000	408,000
Rental Market(Q4 data)**					
Apartment Vacancy Rate (%)***	3.5%	3.0%	2.8%	3.0%	
Average Two-Bedroom Apartment Rent ($)***	1,029	1,083	1,063	1,085	

*MLS®+Private(source: YBS, CMHC Forecast)

** Source: YBS, CMHC Forecast

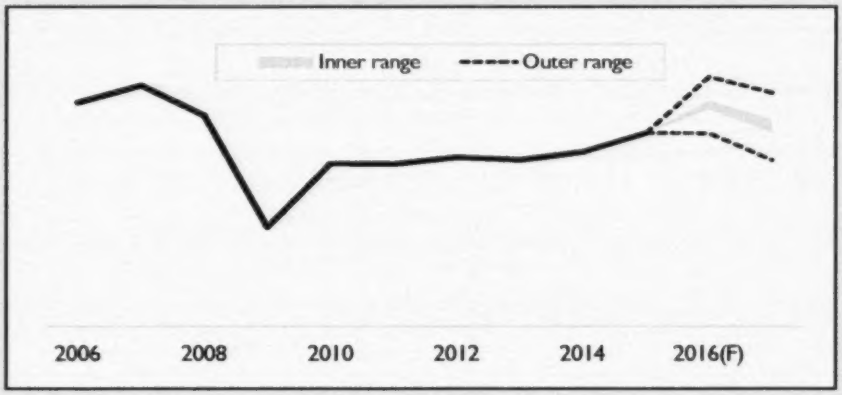
*** YBS has made changes to their survey. As of 2014, the vacancy rate and rent prices are for October, not Q4.

Methodology for forecast ranges

The present edition of *Housing Market Outlook* incorporates forecast ranges for housing variables. Despite this change, all analyses and forecasts of market conditions continue to be conducted using the full range of quantitative and qualitative tools currently available. Two sets of ranges are presented in the publication:

- An inner range, which provides more precise guidance to readers on the outlook while recognizing the small random components of the relationship between the housing market and its drivers. This inner range is based on the coefficient of variation* of historical data and on past forecast accuracy. This range provides precision and direction for forecasts of housing variables, given a specific set of assumptions for the market conditions and underlying economic fundamentals.
- An outer range, which reflects potential risks to the forecast due to, for example, the impact of economic shocks. The outer range is based on a broader coefficient of variation of historical data and on past forecast accuracy. This range includes some low-probability events that could have a significant impact on the forecast.

Downward (or upward) adjustments to the ranges may be applied based on local market intelligence if there are more sources of risks (upside or downside) for that specific market.



* The coefficient of variation in this case is the standard deviation divided by the mean of that series. A higher coefficient of variation would produce wider ranges due to the higher volatility of the data, while a lower coefficient of variation would produce tighter ranges.

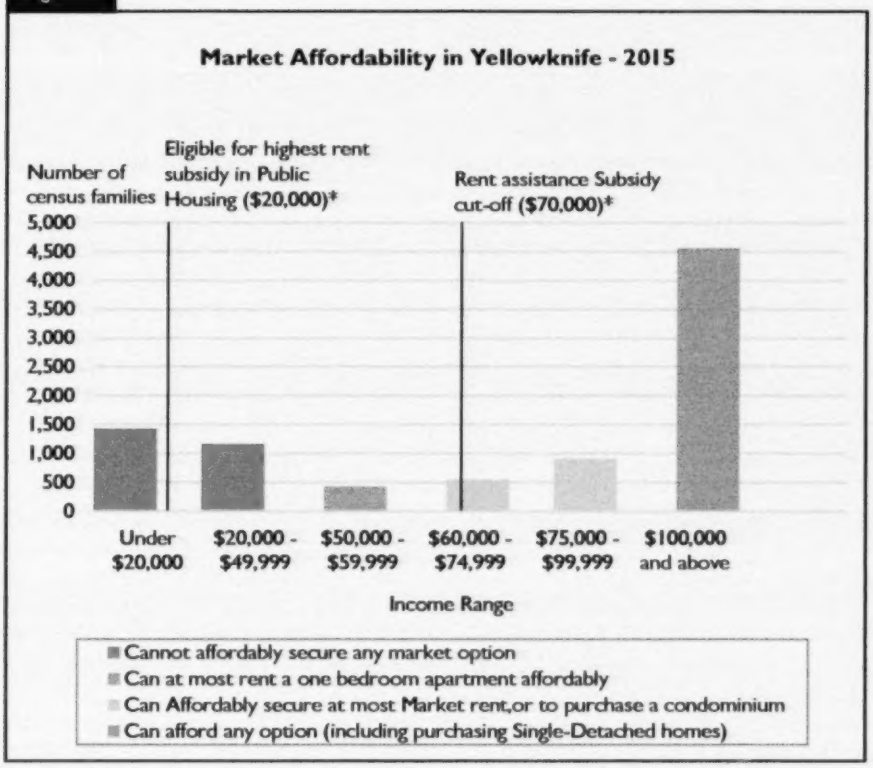
Yellowknife

Economy and Demographics

In 2017, GDP in the Northwest Territories (NWT) increased 5.1%[16], stronger than at any point since 2007. The largest contributor to this growth was increased mine production. Mine production in 2017 was up 37% from 2016 to $2.07 billion[17] due to commercial operations at Gahcho Kué diamond mine near Yellowknife[18]. On the prospecting front, drilling continues at the Project near Dave's Pond[19]. Both of the projects provided some support to housing markets in Yellowknife in 2017. However, mining exploration across the territory has declined for the fourth straight year[20], including a decline of three per cent from 2016 to 2017, suggesting that fewer new mines will be on the horizon.

Employment in the public sector declined in 2017 as the Government of the NWT (GNWT) announced that it would be looking to reduce the workforce within the territorial government. In 2017, there were 1,200 fewer public employees in the NWT compared to 2016[21]. Most of the reduction in employment appeared to have occurred outside of Yellowknife[22]. In the private sector, construction output also declined[23].

Figure 5



Sources: Statistics Canada, and CMHC
Note: The cost of rent for a 1BR is considerred by the CHN benchmark to be affordable to households making $55,000 a year, a 2BR is affordable to households making $67,000 per year, purchasing a condo is affordable at $62,000, and a non-condo homeownership is affordable at $89,000.
*Rent assistance from the NWTHC TRSP Program is provided to households to paying over 30% of their income in rent in the private rental market, if they make less than $70,000. Households making less than $20,000 a year are eligable for rent between $70 and $80 in NWTHC Public Housing.

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[16] Northwest Territories Bureau of Statistics. "NWT GDP by Industry, 1999 to 2017." NWT Bureau of Statistics. Accessed May 1st 2018. https://www.statsnwt.ca/economy/gdp/

[17] Natural Resources Canada. "Annual Statistics of Mineral Production." Natural Resources Canada. Accessed April 9, 2018. http://sead.nrcan.gc.ca/prod-prod/ann-ann-eng.aspx

[18] DeBeer's Group. "Gahcho Kue." DeBeer's. Accessed April 11th 2016. http://www.debeersgroup.com/canada/en/operations/mining/gahcho-kue-project.html

[19] The Gold Report. "Drilling extends strike at TerraX's Yellowknife city project." Mining. May 9th 2017. http://www.mining.com/web/drilling-extends-strike-terraxs-yellowknife-city-project/

[20] Natural Resources Canada. "Table 27 - Exploration Plus Deposit Appraisal Expenditures1, by Province and Territory, 2013 - 20162 Annual and 2017 Revised Spending Intentions." Mining/Materials. Accessed May 1st 2018. http://sead.nrcan.gc.ca/expl-expl/ExploTable.aspx?FileT=27&Lang=en

[21] Northwest Territories Bureau of Statistics. "NWT Labour Force Activity, 2001 to 2017." NWT Bureau of Statistics. Accessed April 20th 2018. https://www.statsnwt.ca/labour-income/labour-force-activity/

[22] Ibid.

[23] Northwest Territories Bureau of Statistics. "NWT GDP by Industry, 1999 to 2017." NWT Bureau of Statistics. Accessed May 1st 2018. https://www.statsnwt.ca/economy/gdp/

On net, there were 100 fewer people employed by private sector employers in 2017[24]. Overall, the unemployment decreased from 7.4% to 6.6%, as 1,400 people left the labor force.

Fewer employment prospects have contributed to the long term trend of net emigration from the NWT. Last year, 28 people left the Territory on a net basis[25]. Previous years have seen higher net emigration from the territory due to weak mining activity. Overall, economic fundamentals will provide minor headwinds to the housing markets this year.

Affordability and Housing Policy

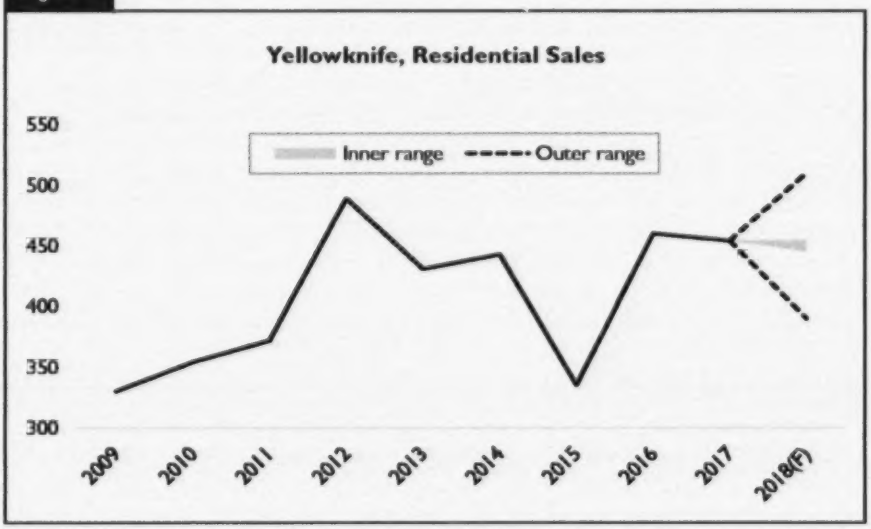
Although the GNWT has found efficiencies by amalgamating departments, it believes that it does not bring in enough revenue to support adequate program and infrastructure spending. One method that the GNWT is exploring to generate revenue is a land transfer tax[26]. Key details have not been decided, including a rate and implementation date. Thus it is unlikely that the tax will be implemented this year.

The majority of the population, at 71%, could interact with the housing market without subsidy in 2015. This is a decline from the 72% of the population that could interact with the housing markets in 2014 without subsidy. Affordability issues continued to rise across the territory[27], and Yellowknife observed an increase in Core Housing Need from 10.1% in 2011 to 10.7% in 2016[28].

The Northwest Territories Housing Corporation (NWTHC) provides assistance both to renters and homeowners. NWTHC assistance comes in several forms; the most supportive being significantly reduced rents in social housing, while the most modest is the Transitional Rent Supplement Program (TRSP). Under this program, households that earn under $70,000 and pay over 30% of their income in rent are eligible to have their rent subsidized by up to $500 a month. Previously, the program only provided a subsidy for two years, but the NWTHC decided to extend the program in 2017 due to ongoing affordability problems[29]. The NWTHC hopes this program will provide better support for eligible households in core housing need. Increased uptake could lower vacancy rates in larger sized units as renters move into accommodations that are of appropriate size that have become financially available to them[30].

The City of Yellowknife has begun testing its Housing First plan[31]. The plan intends to end homelessness

Figure 6



Source: CMHC (MLS® & Private Sales), (F): CMHC Forecast

[24] Northwest Territories Bureau of Statistics. "NWT Employment by Industry and Occupation, 2001 to 2017." NWT Bureau of Statistics. Accessed April 20th 2018. https://www.statsnwt.ca/labour-income/labour-force-activity/pl

[25] Northwest Territories Bureau of Statistics. "Population Estimates." NWT Bureau of Statistics. Accessed April 20th 2018. https://www.statsnwt.ca/population/population-estimates/

[26] McLeod, Robert C. "Budget Address, 2018-2019 Northwest Territories." Government of the Northwest Territories. February 8th 2018. http://www.fin.gov.nt.ca/sites/default/files/documents/2018-19_budget_address.pdf

[27] Northwest Territories Housing Corporation. "Under One Roof: Strategic Renewal Update." Last Modified December 2017. http://www.nwthc.gov.nt.ca/sites/default/files/2017_under_one_roof_-_winter_2017_-_v2.pdf

[28] Statistics Canada. "Core housing need, 2016 Census." Census Program. November 15th, 2017. http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm

[29] Northwest Territories Housing Corporation. "Under One Roof: Strategic Renewal Update." Last Modified December 2017. http://www.nwthc.gov.nt.ca/sites/default/files/2017_under_one_roof_-_winter_2017_-_v2.pdf

[30] Eriksen, Michael and Amanda Ross. "Housing Vouchers and the Price of Rental Housing." American Economic Journal: Economic Policy 7 no.3 (August 2015): 154-176. https://doi.org/10.1257/pol.20130064

[31] Strong, Walter. "Yellowknife Housing First program expands to include families in 1 year pilot project." CBC News North. Last Updated June 26th 2017. http://www.cbc.ca/news/canada/north/housing-first-program-expands-1.4132240

in Yellowknife by providing rental units and social services to the homeless. The program's trial began with 12 families, and will be evaluated this year. There were fears that the program would reduce the availability of rental housing for those outside the program in Yellowknife[32], however this cannot be immediately evaluated due to the small size of the pilot project.

Rental Market

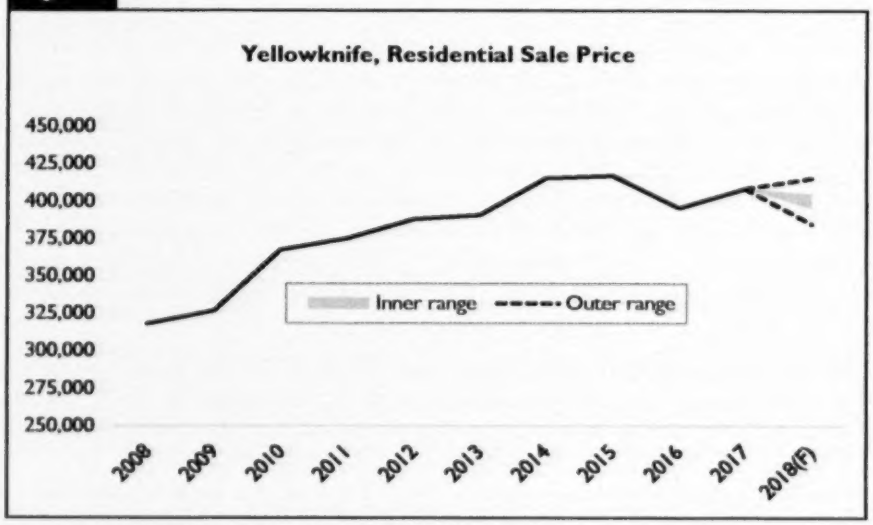
Despite weaker employment conditions, the overall vacancy rate declined 0.7 percentage points over 2017 to 3.5%. Workers at Gachho Kue that wanted to avoid a long fly-in fly-out schedule may have also taken up units in Yellowknife. Given the relatively low out migration from the NWT last year compared to previous years, only a small subset of the mine workers would have to select this option to reduce vacancy rates. The increase in demand from mining projects gave landlords room to increase same-sample rents in 2017 by 1.6%. Given the moderate outlook for Yellowknife, it is unlikely that vacancy rates or rents will drastically increase or decrease in 2018.

Resale Markets

Residential transactions declined marginally from 2016 to 2017, from 460 to 454 or about one per cent. Reduced availability of new single detached homes likely provided support to the resale market despite minor headwinds from fundamentals. Sales of apartment units in Yellowknife continued to grow. Of all units that sold, 127 units were apartments. That is 39 more apartments than in 2016 and more than a quarter of all sales, the highest number and proportion recorded for Yellowknife. The average price of all unit types increased, despite the lower overall number of sales. The average residential transaction price was $408,290, up three percent from the year before. This was due to the types of units being sold. More units sold towards the upper end of the price distribution than the prior year.

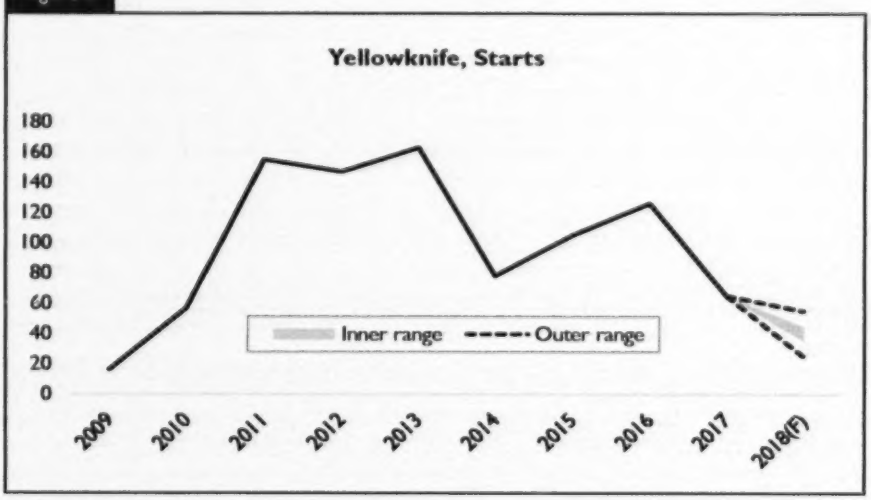
Looking towards the rest of 2018, expect the number of sales to hold steady. Mining and existing exploration projects around

Figure 7



Source: CMHC (MLS® & Private Sales), (F): CMHC Forecast

Figure 8



Source: CMHC, (F): CMHC Forecast

[32] Strong, Walter. "Yellowknife plan to end homelessness could mean higher rents for everyone else." CBC News North. Last Updated May 26th 2017. http://www.cbc.ca/news/canada/north/yellowknife-homelessness-rent-impact-1.4177995

Yellowknife will support demand. Prices are expected to decline slightly as preference and supply for condominium units strengthen in Yellowknife. Condominium units tend to sell at a lower price point than other unit types, bringing down the overall average.

New Home Markets

New construction in Yellowknife was weak overall in 2017, trailing a strong 2016. There were 49% fewer units started in 2017 compared to 2016. Weakness in new units was most apparent in the single-detached market, where new single-detached starts declined by two-thirds to 19. This was due to a lack of available land to build single-detached units. In 2017, multi-starts fared better, but still recorded a 31% decline from 2016 to 46 starts. The availability of more land for all types of multi units and the emerging preferences for condominium units provided incentive to start new units, but could not outweigh economic headwinds and projects currently underway.

Expect another slow year for construction in 2018 for both single-detached and multi-family units. Land availability issues remain, especially for single-detached units. Total new unit construction is expected to be similar to 2017 throughout 2018. On the multiple side, the majority of units are expected to be a mix of semi-detached and apartment style units.

Yellowknife Forecast Summary 2018

				2018(F)	
	2015	2016	2017	(L)	(H)
New Home Market*					
Total Starts (units)	105	126	65	25	55
Single-Detached Starts	42	59	19	10	30
Multiple Starts	63	67	46	15	45
Real Estate Transactions					
Residential sales	345	460	454	390	510
Average price ($)	417,000	395,500	408,290	384,750	415,250
Rental Market (October Survey)					
Apartment Vacancy Rate (%)	1.9%	4.2%	3.5%	3.5%	
Average Two-Bedroom Apartment Rent ($)	1,700	1,636	1,699	1,700	

Source: CMHC, CMHC Forecast

*It is possible that the low and the high end of forecast ranges for housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Iqaluit

Overview

The housing continuum in Nunavut is primarily non-market. Although some in Iqaluit directly interact with private markets, much of the population lives in this type of housing. The majority of housing is subsidized in some form. There is subsidized housing for government employees or subsidized housing provided to employees by private firms, as well as public housing provided by the Nunavut Housing Corporation (NHC). Within the rental market alone, 23% of the units are leased to NHC as public housing units. Combined with the federal and territorial governments renting units for their employees, the public sector rents more than half the market. Most of the housing provided in Iqaluit is not market based as is the case in most of Canada, and government subsidies have a relatively outsized influence on housing outcomes in Iqaluit.

Government and Economic Overview

The majority of the Government of Nunavut's (GN) funding comes from the federal government.

The NHC receives funding directly from the GN and the Federal Government for housing through CMHC. In the 2017/2018 federal budget, $240 million over four years was earmarked to build housing in Nunavut, and the 2018/2019 budget allocated a further $400 million for Inuit housing[33]. Iqaluit is slated to receive 20 new units starting in 2018 or 2019[34].

Mining investment is a key driver of economic activity in Nunavut. Mine exploration declined in 2017, for the third straight year[35], however, several mining projects are slated to be developed in the coming years. The closest mine being developed is the Chidliak diamond mine 100 miles north of Iqaluit[36]. Peregrine announced that the kimberlite formation would yield twice as many diamonds as expected, however the lack of infrastructure has impeded development[37]. Also, Agnico Eagle is developing two new gold mines in Nunavut, Meliadine and Amaruq. The ramp up of investment in 2018 should generate more employment in Nunavut.

Employment data for Iqaluit is released with a one year lag, so labour trends noted here are inferred from monthly Nunavut level data. The Nunavut economy lost 200 jobs[38] in 2017, representing employment contraction of one per cent compared to a growth rate of 1.9% for Canada

The employment rate in Nunavut of 55% remained relatively low compared to the national average of 62%. Furthermore, less than half of Inuit people are employed[39].

Nunavut Territory experienced net in-migration for the first time in three years, with 102 more people entering the territory than leaving[40] in 2017. Combined with Nunavut's high birth rate, the population grew by over 2% to 37,996 as of July 1st 2017. One-third of the population is below the age of 15[41] and the average Nunavut family has 3.6 people compared to the national average of 2.5[42]. A third of all households have five or more persons. Nunavut's relatively fast growing population is generating more demand for housing units and larger units with more bedrooms than the rest of Canada.

Affordability and Public Housing

Housing in Iqaluit is among the most expensive to provide in Canada due to logistics. Two-thirds of the Nunavut population cannot secure market housing without some sort

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[33] Finance Canada. "Equality Growth: A Strong Middle Class." Budget 2018 Pp: 133. (February 2018).

[34] Kuksuk, Hon. George. "NHC's 2018-2019 Proposed Construction Report, January 2018." Legislative Assembly of Nunavut Document 028-5(1). (December 2018). http://assembly.nu.ca/sites/default/files/TD-28-5(1)-EN-NHC's-Allocation-System-Backgrounder,-January-2018.pdf

[35] Nunatsiaq News. "Mineral exploration in Nunavut projected to plunge in 2018." Nunatsiaq News. April 4th 2018. http://nunatsiaq.com/stories/article/656/4nunavuts_mineral_exploration_projected_to_plunge_in_2018/

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[38] Statistics Canada. "Labour Force Survey estimates (LFS), by territories, sex and age group, three-month moving average, seasonally adjusted and unadjusted, monthly (persons unless otherwise noted)". CANSIM(database). Accessed April 11th 2018.

[39] Government of Nunavut. "Labour Force Survey." Nunavut Bureau of Statistics. Accessed May 10th 2018.

[40] Government of Nunavut. "Nunavut Components of Migration, Annual, July 1 to June 30, 1999 to 2017."Nunavut Bureau of Statistics. Accessed April 11th 2018.

[41] Statistics Canada. "Census profile 2016 Nunavut." Census Profile, 2016 Census. Accessed May 10th 2018. http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E

[42] Ibid.

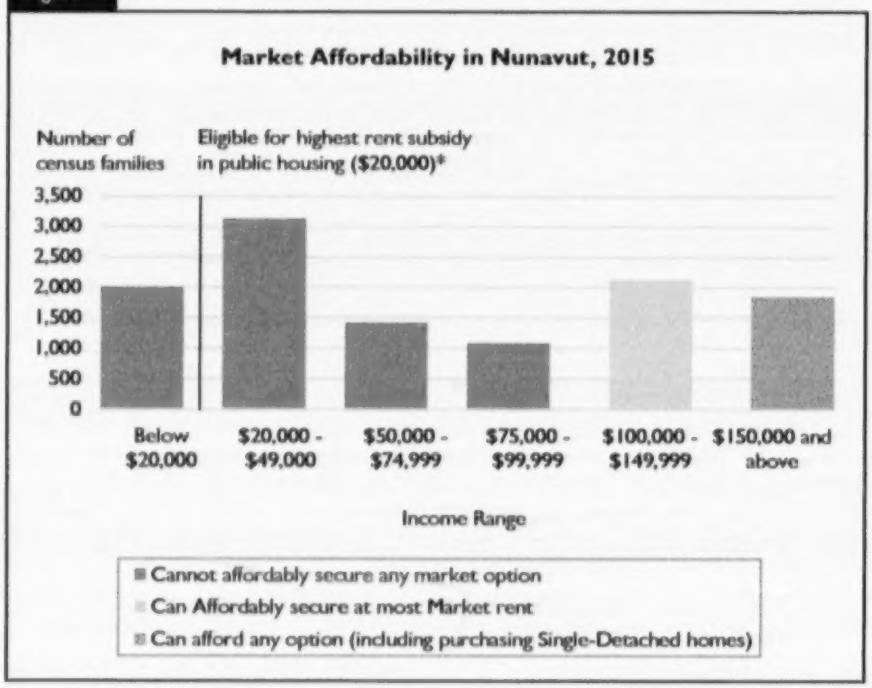
of assistance from the government or their employer. Some of this is addressed adequately by employee and public housing, but 36.5% of the population is in core housing need in 2016[43]. Nunavut's Core Housing Need Rate is more than double that of any other province or territory in Canada. The 2016 Core Housing Need Rate is down about three percentage points from 2011 due to population growth, however there were 190 more households in core housing needs than in 2011.

The public sector, the largest employer in the territorial capital, leased 39%of the Iqaluit rental market in 2017. Private companies leased the next 24% of the rental market to provide to their employees. Only 10% of tenancies are such that private tenants pay the landlord directly. Public housing provided by the NHC makes up 23% of tenancies. It is immediately unclear how many people are housed in these units, as unit over-crowding has been identified as a large concern[44]. The remaining four per cent were vacant units.

Of the rental units surveyed in Iqaluit, 489 are public housing provided by NHC in 2017. This is 27 more units than the year prior, which were existing units rented by the NHC. This covers all dwelling types. There are no new public units under construction at this time,[45] but 20 are planned for the 2018-2019 fiscal year[46]. Although Iqaluit requires more public units to close the housing gap, it has not been identified as a community in Nunavut with the most severe need[47]. According to the NHC, the stock of public housing units needs to increase by 193 units or 37% in Iqaluit to meet housing needs[48]. Cambridge Bay, one of the communities in most severe need, requires the public housing stock to increase by 44%.

The NHC believes that across the territory, due to the demographics of those who require public housing, the demand for public housing will grow greatly over the foreseeable future. According to the NHC, 42% of the population living in public housing is below the age of 18. Given that the fertility age of Nunavut is low and the family size is large, the NHC will need to add 90 units a year to keep up with population growth[49]. To help keep pace with the need for social housing units, 185 units will be added in 2018 and 2019.

Figure 9



Sources: Statistics Canada, CMHC, Nunavut Housing Corporation, and CMHC calculations
Note: The cost of rent for a 1BR is considered by the CHN benchmark to be affordable to households making $87,000 a year, a 2BR is affordable to households making $102,000 per year, and a single detached is considered affordable at $144,000 per year.
*NHC Social housing rent scales with income larger than $20,000 per year.

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[46] Kuksuk, Hon. George. "NHC's 2018-2019 Proposed Construction Report, January 2018." Legislative Assembly of Nunavut Document 028-5(1). (December 2018). http://assembly.nu.ca/sites/default/files/TD-28-5(1)-EN-NHC's-Allocation-System-Backgrounder,-January-2018.pdf

[47] Ibid.

[48] Ibid.

Private and Staff Rental

The number of units provided to the private and staff rental market was essentially unchanged from last year. Vacancy rates in the private rental market, where companies and the government procure their staff housing, decreased to 5.3% in 2017 from 7.2% in 2016. This was due to an increase in the number of units rented by private individuals. For these numbers, we simply know how many units have been rented. A staff unit may be rented but be unoccupied for a variety of reasons, including staff turnover.

Average rents in Iqaluit are among the highest in Canada[50]. For a two-bedroom unit in Iqaluit, the average rent was $2,648 in 2017, compared to $2,597 the year prior. This number has increased every year since 2009 when CMHC's survey began[51]. Rents increased across the board in Iqaluit, as demand increased, while the supply remained relatively constant.

Resale Market

Once again, there were few transfers of homes in Iqaluit with only 33 sales in 2017. This is the lowest number recorded by CMHC, and six fewer than last year. The lack of land to build new homes and the reduction of mining exploration expenditure likely played into the low sales in 2017. The average price of the 33 homes that were sold in 2017 was two per cent lower than 2016 at $513,000. The decline in the average price was caused by an increase in the number of condos that sold in 2017.

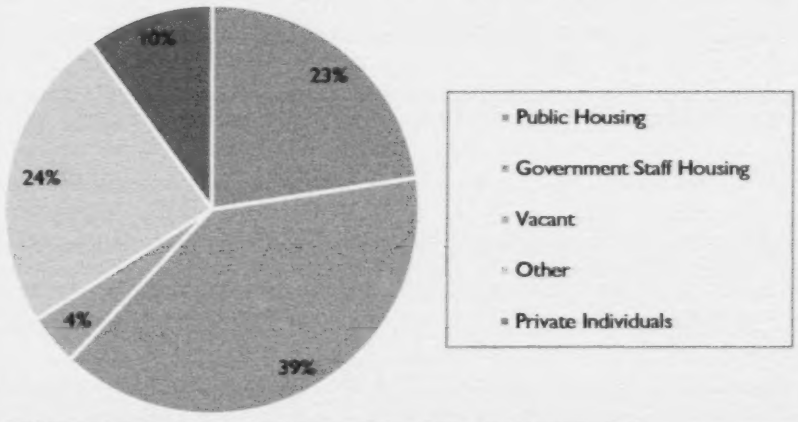
Average Monthly Rent - by bedroom type (excluding public housing)

	2016	2017	Yr/Yr Change
Bachelor	$1,516	$1,542	$26
One-bedroom	$2,211	$2,272	$61
Two-bedroom	$2,597	$2,648	$51
Three-bedroom	$2,981	$3,062	$81
Four-bedroom+	$3,575	$3,575	$0
Total Average	$2,542	$2,604	$62

Source: CMHC

Figure 10

2017 Rental Market: All Unit Types by lease holder



Source: CMHC Survey (does not include public housing units)

Iqaluit Total Residential Sales

	2014	2015	2016	2017
Residential Sales	55	61	39	33
Average Price	$473,080	$493,280	$525,800	$512,960
Median Price	$486,330	$529,000	$555,000	$503,335
Ave. Price Sq. foot	$285	$278	$298	$299

Source: CMHC

[49] Nunavut Housing Corporation. "2016-2017 Annual Report". Nunavut Housing Corporation. pp 24 (August 2017).

[50] It must be noted that the rental survey conducted in Iqaluit uses a different methodology to the CMHC's Rental Market Survey conducted in the rest of Canada, not limited to different timing. The numbers here may not be directly comparable to other CMHC rent numbers.

[51] Due to the nature of the survey, the average rent is not directly comparable between years, due to the changing size and composition of the sample.

New Home Construction

Total permit activity for the territory increased in 2017 from 2017, from 54 to 61. The increase in 2017 ends a multi-year decline that started in 2013. The increase in permits was due to new public units started outside Iqaluit. A lack of available land has put a damper on construction in Iqaluit for the past few years, with no new units of note. The newly allocated 20 public units in Iqaluit will reverse this trend of inactivity in 2018.

Rental Market Survey Methodology

The purpose of the CMHC survey was to identify residential accommodation in Iqaluit available for long-term rental and identify the current market rent on those units. The survey was conducted over a six-week period, from mid-November to year-end 2017. Our survey depends on the input of developers, building owners, two levels of government, and their respective housing officials. CMHC acknowledges their hard work and assistance in providing timely and accurate information.

Iqaluit Residential Sales by Type		
2017	**Single-detached**	**Condo/Row/Semi**
Residential Sales	18	15
Average Price	$540,280	$480,180
Median Price	$545,000	$490,000
Ave. Price Sq. foot	$293.29	$307.05

Source: CMHC

Rental Universe - Including Public Housing Units		
	2016	**2017**
Bachelors	59	59
One-bedroom	632	599
Two-bedroom	801	663
Three-bedroom	503	360
Four-bedroom+	62	63
No BR Identified (Public)	80	424
Total	**2,137**	**2,168**

Source: CMHC

DEFINITIONS AND METHODOLOGY

New Home Market

Historical home starts numbers are collected through CMHC's monthly Starts and Completions Survey. Building permits are used to determine construction sites and visits confirm construction stages. A start is defined as the beginning of construction on a building, usually when the concrete has been poured for the whole of the structure's footing, or an equivalent stage where a basement will not be part of the structure.

Single-Detached Start:
The start of a building containing only one dwelling unit, which is completely separated on all sides from any other dwelling or structure.

Semi-Detached Start:
The start of each of the dwellings in a building containing two dwellings located side-by-side, adjoining no other structure and separated by a common or party wall extending from ground to roof.

Row (or Townhouse) Start:
Refers to the commencement of construction on a dwelling unit in a row of three or more attached dwellings separated by a common or party wall extending from ground to roof.

Apartment and other Starts:
Refers to the commencement of construction on all dwellings other than those described above, including structures commonly known as stacked townhouses, duplexes, triplexes, double duplexes and row duplexes.

Average and Median Single Detached Home Prices:
Are estimated using CMHC's Market Absorption Survey, which collects home prices at absorption and measures the rate at which units are sold or rented after they are completed. Dwellings are enumerated each month after a structure is completed until full absorption occurs. The term "absorbed" means that a housing unit is no longer on the market as it has been sold or rented.

New Home Price Indexes:
Changes in the New Home Price Indexes are estimated using annual averages of Statistics Canada's monthly values for New Housing Price Indexes (NHPI).

Resale Market

Historical resale market data in the summary tables of the Housing Market Outlook Reports refers to residential transactions through the Multiple Listings Services (MLS®) as reported by The Canadian Real Estate Association (CREA). In Quebec, this data is obtained by the Centris® listing system via the Quebec Federation of Real Estate Boards.

MLS® (Centris® in the province of Quebec) Sales:
Refers to the total number of sales made through the Multiple Listings Services in a particular year.

MLS® (Centris® in the province of Quebec) Average Price:
Refers to the average annual price of residential transactions through the Multiple Listings Services.

Rental Market

Rental Market vacancy rates and two bedroom rents information is from Canada Mortgage and Housing Corporation's (CMHC's) October Rental Market Survey (RMS). Conducted on a sample basis in all urban areas with populations of 10,000 and more, the RMS targets privately initiated structures with at least three rental units, which. have been on the market for at least three months. The survey obtains information from owners, managers, or building superintendents through a combination of telephone interviews and site visits.

Vacancy Rate:
The vacancy rate refers to the average vacancy rate of all apartment bedroom types. A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Two Bedroom Rent:
The rent refers to the average of the actual amount tenants pay for two bedroom apartment units. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water.

Economic Overview

Labour Force variables include the Annual Employment Level, Employment Growth, Unemployment Rate.
Source: Statistics Canada's Labour Force Survey.

Net Migration:
Sum of net interprovincial (between provinces), net intra-provincial (within provinces), net international (immigration less emigration), returning Canadians and temporary (non-permanent) residents as provided to the CANSIM database by Statistics Canada's Demography Division. Sources of inter-provincial and intra-provincial migration data include a comparison of addresses from individual income tax returns for two consecutive years from Canada Revenue Agency (CRA) taxation records. The migration estimates are modelled, with the tax file results weighted to represent the whole population.

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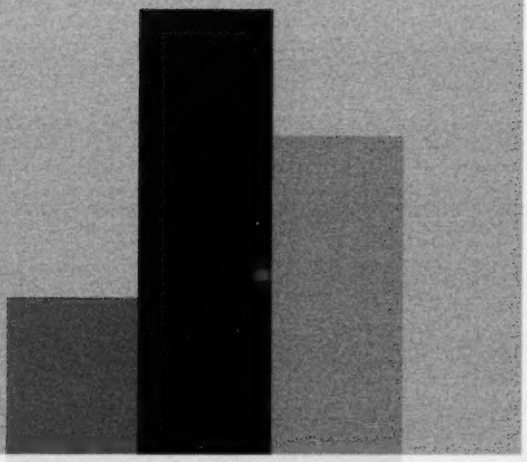

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